



California Fair Political Practices Commission

May 9, 1989

Mary-Lucille Kaems
Senior Consultant
Assembly Transportation Committee
State Capitol
Sacramento, California 95814

Re: Your Request for Advice
Our File No. A-89-216

Dear Ms. Kaems:

You have requested advice on behalf of Assemblyman Richard Katz regarding his duties under the Political Reform Act (the "Act").^{1/} This letter confirms telephone advice I provided to you on April 11, 1989.

QUESTIONS

1. Assemblyman Katz is sponsoring his annual small business awards luncheon. May his 1990 reelection campaign bank account be used for luncheon expenses and collection of luncheon ticket sales?

2. Traditionally there have been sponsors who donate up to \$250. If these sponsors send their checks directly to a vendor, is Assemblyman Katz required to report this transaction?

CONCLUSIONS

1. Assemblyman Katz may use his 1990 reelection campaign bank account for luncheon expenses and collection of luncheon ticket sales.

2. Sponsors who send their checks directly to a vendor will have made reportable in-kind contributions to Assemblyman Katz.

^{1/} Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Code of Regulations Section 18000, et seq. All references to regulations are to Title 2, Division 6 of the California Code of Regulations.

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FACTS

The week of May 8-12 is designated as "small business week." On Friday, May 12th, Assemblyman Katz will be sponsoring his annual "small business awards luncheon." This event, held in the district, honors local small business owners selected by the Chamber of Commerce.

The normal expenses for this event include: printing and mailing of invitations, purchasing and engraving of award plaques, printing of luncheon programs, restaurant expenses, and purchasing of lists/labels of local Chamber of Commerce members. Tickets are sold for approximately \$16.00, or whatever is figured to "break even" on the event.

ANALYSIS

The Political Reform Act, as amended by Proposition 73, requires that before soliciting or receiving contributions, a candidate must file a statement of intention to be a candidate for a specific office. (Section 85200.) The candidate must establish one campaign bank account in connection with that candidacy. (Section 85201(a). All campaign expenditures are to be made from that account. (Section 85201(e).) Pursuant to these provisions, Assemblyman Katz has established a campaign bank account to run for reelection in 1990. Assemblyman Katz also has a campaign bank account for officeholder expenses in connection with his incumbent term of office. You have asked whether the 1990 campaign bank account may be used for the luncheon expenses and receipts.

Regulation 18525 (copy enclosed)^{2/} provides guidance on whether expenses are to be paid from a campaign bank account for election to a future term of office or from a campaign bank account for an incumbent term of office. Subdivision (a) of the regulation enumerates various campaign expenses which are required to be paid from the campaign bank account for election to a future term of office. The luncheon expenses do not fall within any of those enumerated expenses. Subdivision (b) then provides that expenses not enumerated in subdivision (a) may be paid either from the campaign bank account for election to the incumbent term of office, or from the campaign bank account for election to a future term of office. Accordingly, the luncheon expenses may be paid

^{2/} Regulation 18525 was approved by the Commission on May 2, 1989. We anticipate that it will become effective in early July. In the meantime, we recommend that candidates follow the standards in the regulations approved by the Commission.

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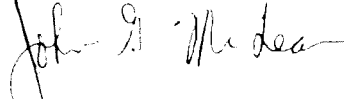
either from the 1990 reelection account or the account for Assemblyman Katz' current term of office.^{3/}

With regard to the expenses to be paid by other sponsors, Section 82015 and Regulation 18215 (copy enclosed) provide that the term "contribution" includes a payment made at the behest of a candidate, unless it is clear from surrounding circumstances that the payment was received or made for personal purposes unrelated to his or her candidacy or status as an office holder. Since the luncheon expenses are related to Assemblyman Katz' candidacy or status as an officeholder, payments for luncheon expenses which are made by other sponsors constitute in-kind contributions to Assemblyman Katz.

If you have any other questions, please contact me at (916) 322-5901.

Sincerely,

Kathryn E. Donovan
General Counsel



By: John G. McLean
Counsel, Legal Division

KED:JGM:aa

Enclosures

^{3/} The regulation also provides:

This section shall not be construed to permit an incumbent elected officeholder to make expenditures from any campaign bank account for expenses other than those associated with his or her election to the specific office for which the account was established and expenses associated with holding that office.

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SACRAMENTO, CA 95814
(916) 445-1616

□ TRANSPORTATION COMMITTEE
STATE CAPITOL
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□ DISTRICT OFFICE
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Assembly California Legislature

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RICHARD KATZ
ASSEMBLYMAN, THIRTY-NINTH DISTRICT
Chairman,
ASSEMBLY TRANSPORTATION COMMITTEE

April 10, 1989

Mr. John Larson, Chairman
Fair Political Practices Commission
428 J Street, Suite 800
Sacramento, CA. 95814

Dear Mr. Larson:

I am requesting a written opinion from your office in regards to oral advice I received concerning a "small business luncheon" sponsored by Assemblyman Richard Katz. Specifically I am requesting information on two issues, the appropriate bank account and the activities of luncheon sponsors. I have outlined the event and restated the advice given to me.

SMALL BUSINESS LUNCHEON

The week of May 8-12 is designated as "small business week." On Friday, May 12th, Assemblyman Katz will be sponsoring his annual "small business awards luncheon." This event, held in the district, honors Chamber of Commerce selected local small business owners.

The normal expenses for this event include: printing and mailing of invitations, purchasing and engraving of award plaques, printing of luncheon program, restaurant expenses, and purchasing of lists/labels of local Chamber of Commerce members. Tickets are sold for approximately \$16.00-or whatever is figured to "break even" on the event.

Requested advice for luncheon activities

We need a written opinion on the following:

(1) Checking account for luncheon expenses and collection of luncheon ticket sales.

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Does a new campaign account have to be established or can we use the existing 1990 reelection campaign account? If we can use the existing 1990 reelection account, are there any unique or different filing procedures relating specifically to this luncheon?

(2) Sponsors who assist with the cost of the luncheon.

Traditionally there have been about 6 sponsors who donate up to \$250. which is used to offset luncheon expenses. If these sponsors send their checks directly to a vendor, for example the restaurant or printer, is Assemblyman Katz required to report or file this transaction?

ORAL ADVICE GIVEN

(1) Advice regarding checking account.

Assemblyman Katz has two options: (1) open a 1988 campaign account for legislative purposes only, or (2) use the existing 1990 reelection account and the luncheon invitations need a disclaimer.

(2) Advice regarding sponsors.

If the sponsor sends a check directly to a vendor, the amount of the check does not need to be reported by Assemblyman Katz.

I appreciate your timely response to my inquiry.

Sincerely,


Mary-Lucille Kaems



California Fair Political Practices Commission

April 14, 1989

Mary-Lucille Kaems
Office of Assemblymember Richard Katz
State Capitol, Room 3146
Sacramento, CA 95814

Re: Letter No. 89-216

Dear Ms. Kaems:

We received your letter requesting confirmation of advice under the Political Reform Act on April 12, 1989. Your letter has been assigned to John McLean for response. If you have any questions, you may contact Mr. McLean directly at (916) 322-5901.

If the letter is appropriate for confirmation without further analysis, we will attempt to expedite our response. A confirming response will be released after it has gone through our approval process. If the letter is not appropriate for this treatment, the staff person assigned to prepare the response will contact you shortly to advise you. In such cases, the normal analysis, review and approval process will be followed.

You should be aware that your letter and our response are public records which may be disclosed to any interested person upon receipt of a proper request for disclosure.

Sincerely,

A handwritten signature in cursive script, reading "Diane M. Griffiths".

Diane M. Griffiths
General Counsel

DMG:plh:confadv1